

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

JOHN MARKEY, Ph.D.,	)	Civil No. 09cv066 L(AJB)
	)	
Plaintiff,	)	<b>ORDER GRANTING MOTION TO</b>
	)	<b>REMAND [doc. #28]</b>
v.	)	
	)	
VERIMATRIX, INC.,	)	
	)	
Defendant.	)	
_____	)	

Plaintiff filed his action in the Superior Court of California, County of San Diego. Defendant removed the action on the basis of federal question jurisdiction. Currently pending is plaintiff's motion to remand which has been fully briefed. The Court finds this motion suitable for determination on the papers submitted and without oral argument pursuant to Civil Local Rule 7.1(d)(1).

The federal court is one of limited jurisdiction. *See Gould v. Mutual Life Ins. Co. of N.Y.*, 790 F.2d 769, 774 (9th Cir. 1986). It possesses only that power authorized by the Constitution or a statute. *See Bender v. Williamsport Area Sch. Dist.*, 475 U.S. 534, 541 (1986). It is constitutionally required to raise issues related to federal subject matter jurisdiction, and may do so *sua sponte*. *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 93-94 (1998); *see Indus. Tectonics, Inc. v. Aero Alloy*, 912 F.2d 1090, 1092 (9th Cir. 1990).

"Any civil action of which the district courts have original jurisdiction founded on a claim

1 or right arising under the Constitution, treaties or laws of the United States shall be removable  
2 without regard to the citizenship or residence of the parties." 28 U.S.C. § 1441(b).

3 The Court has consistently interpreted jurisdictional statutes with an  
4 "arising under" qualification . . . as "giv[ing] the lower federal courts  
5 jurisdiction to hear, originally or by removal from a state court, only those  
6 cases in which a well-pleaded complaint establishes either that [1] federal  
7 law creates the cause of action or that [2] the plaintiff's right to relief  
8 necessarily depends on resolution of a substantial question of federal law."

9 *Williston Basin Interstate Pipeline Co. v. An Exclusive Gas Storage Leasehold and Easement*,  
10 524 F.3d 1090, 1100 (9th Cir. 2008) (quoting *Franchise Tax Bd. v. Constr. Laborers Vacation*  
11 *Trust*, 463 U.S. 1, 27-28 (1983)); see also *Empire Healthchoice Assurance, Inc. v. McVeigh*, 547  
12 U.S. 677, 690 (2006).

13 Consistent with the limited jurisdiction of federal courts, the removal statute is strictly  
14 construed against removal jurisdiction. *Gaus v. Miles, Inc.*, 980 F.2d 564, 566 (9th Cir. 1992);  
15 see also *Sygenta Crop Prot. v. Henson*, 537 U.S. 28, 32 (2002); *O'Halloran v. University of*  
16 *Wash.*, 856 F.2d 1375, 1380 (9th Cir. 1988). "Federal jurisdiction must be rejected if there is  
17 any doubt as to the right of removal in the first instance." *Gaus*, 980 F.2d at 566. "The strong  
18 presumption against removal jurisdiction means that the defendant always has the burden of  
19 establishing that removal is proper." *Id.*; see also *Nishimoto v. Federman-Bachrach & Assoc.*,  
20 903 F.2d 709, 712 n.3 (9th Cir. 1990); *O'Halloran*, 856 F.2d at 1380. "The traditional rule of  
21 burden allocation in determining removal jurisdiction was meant to comport with what the  
22 Supreme Court has termed "[t]he dominant note in the successive enactments of Congress  
23 relating to diversity jurisdiction,' that is, 'jealous restriction, of avoiding offense to state  
24 sensitiveness, and of relieving the federal courts of the overwhelming burden of business that  
25 intrinsically belongs to the state courts in order to keep them free for their distinctive federal  
26 business.'" *Abrego Abrego*, 443 at 685, quoting *Indianapolis v. Chase Nat'l Bank*, 314 U.S. 63,  
27 76 (1941).

28 Whether removal is proper is "determined solely on the basis of the pleadings filed in  
state court." *Williams v. Costco Wholesale Corp.*, 471 F.3d 977, 976 (9th Cir. 2006). In the  
present case, the complaint, on its face, asserted three state law causes of action:

misappropriation of trade secrets, unjust enrichment, and violation of California Business and Professions Code § 17200 for unlawful business practices. In its notice of removal, defendant based removal on federal question jurisdiction stating that “[b]ecause plaintiff’s second and third causes of action are preempted by the Federal Copyright Act, this Court has original jurisdiction over plaintiff’s complaint under 28 U.S.C. § 1338(a).”<sup>1</sup> (Notice of Removal at 5.) After an early neutral evaluation conference and a case management conference, the parties jointly moved for the dismissal of plaintiff’s second and third causes of action without stating the reason for their agreement. (Joint Motion at 2. [doc. #20]) Thus, misappropriation of trade secrets remains the sole cause of action.

Assuming that original jurisdiction existed at the time the complaint was removed because plaintiff’s second and third state law causes of action were preempted under the Federal Copyright Act, the dismissal of these federal claims does not affect subject matter jurisdiction. *Williams v. Costco Wholesale Corporation*, 471 F.3d 975, 977 (9th Cir. 2006). But dismissal of all federal claims authorizes the district court to remand the pendent state law claims. *Id.* In other words, the Court has discretion to continue the exercise of its jurisdiction over the state law claim on the basis of supplemental jurisdiction, or it may remand the claim to state court. *See* 28 U.S.C. § 1367(c)(3). But if, as defendant argues, the “plaintiff’s trade secret misappropriation claim is actually a claim for patent infringement,” the Court must exercise its original jurisdiction over the federal claim that was removed. *Williams*, 471 F.3d at 977.

The question therefore is whether the state law misappropriation of trade secrets claim provides a basis for federal jurisdiction. “[F]or a state law claim to provide a basis for federal jurisdiction, the state law claim must ‘turn on substantial questions of federal law,’ and ‘really and substantially involv[e] a dispute or controversy respecting the validity, construction or effect

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<sup>1</sup> The Court makes no finding whether plaintiff’s second and third state law causes of action were preempted under the Federal Copyright Act. Rather, the Court will assume for purposes of this motion only, that the Court had original jurisdiction of the action at the time it was removed. The Court notes, however, that plaintiff states that he dismissed the second and third causes of action on the basis of the exclusivity provision found in California’s Uniform Trade Secrets Act and not because the claims arose under the Federal Copyright Act. *See* CAL. CIV. CODE § 3426.7.

1 of [federal] law.” *Williston Basin Interstate Pipeline*, 524 F.3d 1090, 1102 (9th Cir. 2008)  
 2 (quoting *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 312 (2005)).

3 The elements of a claim for misappropriation under California law consist of the  
 4 following: (a) the plaintiff invested substantial time, skill or money in developing its property;  
 5 (b) the defendant appropriated and used the plaintiff's property at little or no cost to the  
 6 defendant; (c) the defendant's appropriation and use of the plaintiff's property was without the  
 7 authorization or consent of the plaintiff; and (d) the plaintiff can establish that it has been injured  
 8 by the defendant's conduct. *United States Golf Assn. v. Arroyo Software Corp.*, 69 Cal. App.4th  
 9 607, 618 (1999).

10 A patent infringement analysis involves two steps: (1) the court must “determine[ ] the  
 11 scope and meaning of the patent claims asserted”; and (2) the court must then compare “the  
 12 properly construed claims ... to the allegedly infringing device to determine whether the accused  
 13 device infringes the asserted claims.” *CyborCorp. v. FASTechs., Inc.*, 138 F.3d 1448, 1454 (Fed.  
 14 Cir.1998) (internal citation omitted). “A patentee claiming infringement must present proof that  
 15 the accused product meets each and every . . . limitation” of the claim at issue. *Forest Labs.,*  
 16 *Inc. v. Abbott Labs.*, 239 F.3d 1305, 1310 (Fed. Cir. 2001). Moreover, “[a]n accused device  
 17 cannot infringe, as a matter of law, if even a single [claim] limitation is not satisfied.” *Digital*  
 18 *Biometrics, Inc. v. Indentix*, 149 F.3d 1335, 1349 (Fed. Cir. 1998). Furthermore, literal  
 19 infringement of a claim exists if “every limitation recited in the claim is found in the accused  
 20 device, i.e. when the properly construed claim reads on the accused device exactly.” *Amhil*  
 21 *Enters., Ltd. v. Wawa, Inc.*, 81 F.3d 1554, 1562 (Fed. Cir. 1996).

22 A careful review of plaintiff’s misappropriation of trade secret claim as found in the  
 23 complaint does not suggest a basis for federal jurisdiction. The issue presented for decision is  
 24 not whether plaintiff’s patents are valid or invalid or are or are not being infringed but whether  
 25 his intellectual property was misappropriated. Mere reference to the fact that plaintiff’s  
 26 intellectual property was patented does not turn on a substantial question of federal law.  
 27 Plaintiff is not seeking to prove his trade secrets are protected under federal patent law and that  
 28 defendant infringed on the patent. And the Court is not called to determine in any manner the


1 scope and meaning of plaintiff's patent in order to consider the alleged trade secret  
2 misappropriation. The misappropriation of trade secret claim does not 'turn on substantial  
3 questions of federal law,' and does not 'really and substantially involv[e] a dispute or  
4 controversy respecting the validity, construction or effect of [federal] law.'" *Williston Basin*,  
5 524 F.3d at 1102. Instead, the sole remaining claim in the complaint is based solely on  
6 California law. As a result, the Court does not have original jurisdiction over plaintiff's claim.

7 As noted above, a district court may decline to exercise supplemental jurisdiction if: (1)  
8 the claim raises a novel or complex issue of state law; (2) the state law claim substantially  
9 predominates over the federal claims; (3) the district court has dismissed all claims over which it  
10 has original jurisdiction; or (4) if there is some other exceptional and compelling reason to  
11 decline jurisdiction. 28 U.S.C. § 1367(c). In deciding whether to exercise supplemental  
12 jurisdiction, the court considers the interests of judicial economy, convenience, fairness and  
13 comity. *City of Chicago v. Int'l College of Surgeons*, 522 U.S. 156, 173 (1997); *Smith v.*  
14 *Lenches*, 263 F.3d 972, 977 (9th Cir. 2001). Here, the claims over which the Court arguably had  
15 original jurisdiction have been dismissed, and the only remaining claim is a state law claim.  
16 Because only a single state law claim remains, the state law claim necessarily substantially  
17 predominate over the federal claims. Furthermore, the interests of judicial economy and  
18 convenience do not militate in favor of exercising supplemental jurisdiction.

19 For the foregoing reasons, the Court in its discretion declines to exercise its supplemental  
20 jurisdiction over plaintiff's state law claim and plaintiff's motion to remand is **GRANTED**. The  
21 Clerk of the Court is directed to promptly return this action, *Markey v. Verimatrix*, Case No. 37-  
22 2008-00099311-CU-IP-CTL, to the Superior Court of California, County of San Diego.

23 **IT IS SO ORDERED.**

24 DATED: July 22, 2010

25   
26 M. James Lorenz  
United States District Court Judge

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1 COPY TO:

2 HON. ANTHONY J. BATTAGLIA  
3 UNITED STATES MAGISTRATE JUDGE

4 ALL PARTIES/COUNSEL  
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